

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF KENTUCKY
POWER COMPANY FOR: (1) THE
APPROVAL OF THE TERMS AND
CONDITIONS OF THE RENEWABLE
ENERGY PURCHASE AGREEMENT FOR
BIOMASS ENERGY RESOURCES
BETWEEN THE COMPANY AND
ECOPOWER GENERATION-HAZARD
LLC; (2) AUTHORIZATION TO ENTER
INTO THE AGREEMENT; (3) THE GRANT
OF CERTAIN DECLARATORY RELIEF;
AND (4) THE GRANT OF ALL OTHER
REQUIRED APPROVALS AND RELIEF

CASE NO. 2013-00144

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COMMISSION

January 7, 2015 Status Report

In conformity with paragraph 12 of the Commission's October 10, 2013 Order,¹ Kentucky Power Company submits its third status report regarding ecoPower's construction of the Biomass Facility, subject to the terms and conditions of the Biomass REPA, as amended:

1. On January 7, 2015, ecoPower confirmed there has been no further work at the site since, as reported in the January 3, 2014 first report, site work was suspended on October 24, 2013. ecoPower indicated that it does not anticipate any further construction during the pendency of the appeal by Kentucky Industrial Utility Customers, Inc. of the Commission's October 10, 2013 Order. ecoPower further indicated that resumption of construction work by

¹ The October 10, 2013 Order currently is being appealed by the Kentucky Industrial Utility Customers, Inc. in Franklin Circuit Court Civil Action No. 13-CI-1372. The Biomass REPA, as amended, that is the subject of the Order and appeal remains, amongst other items, subject to the Conditions Precedent set forth in Article 6 of the REPA. The parties have briefed the case and oral argument was conducted before the Court on August 19, 2014. The case was submitted for decision that same day.

ecoPower is conditioned upon, amongst other items, ecoPower's Financial Closing as set forth in the Biomass REPA.

2. The construction schedule and resulting commercial operation date are subject to the resolution of the current appeal of the REPA, the satisfaction of the requisite conditions precedent of the Biomass REPA being met, and the successful conclusion of ongoing negotiations between Kentucky Power and ecoPower.

3. On January 7, 2015 ecoPower indicated that site grading, access roads, and foundation work will commence upon financial close of the project. ecoPower also reported that, subject to the conditions precedent of the REPA, a four to six month due diligence period will be required after a final non-appealable order before financial close occurs. ecoPower stated that upon final notice to proceed to the Engineering, Procurement and Construction contractor, the work schedule calls for a thirty-two month construction and start-up period prior to commercial operation.

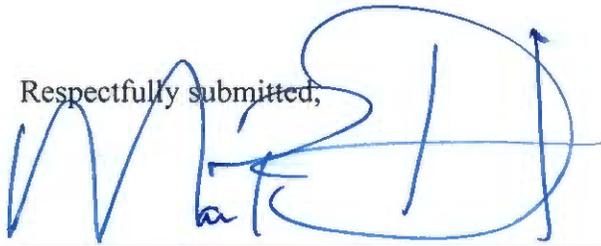
4. Representatives of ecoPower indicated on January 7, 2015 that construction permits necessary for the construction of the Biomass Facility currently remain in place. A good cause letter requesting extension of the air permit construction authority beyond April 24, 2015 is under consideration by the Kentucky Division of Air Quality. Application for renewal of the Title V Air Permit was requested on November 12, 2014. The application was deemed complete as of December 11, 2014. Modification of the existing construction waste water permit will be requested prior to physical resumption of site work.

5. Representatives of ecoPower indicated on January 7, 2015 that PJM completed the System Impact Study and tendered a draft Facilities Study Agreement for consideration on

October 6, 2014. Upon review of all reasonable alternatives and the schedule and cost of each, ecoPower notified PJM in November 2014 that it was withdrawing from the current queue and would re-apply in the spring 2015 queue in order to accommodate the project delay associated with the continuing appeal of the Commission Approval Order of October 10, 2013.

Representatives of ecoPower indicated on January 7, 2015 ecoPower will be re-applying in February 2015.

Respectfully submitted,



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COUNSEL FOR KENTUCKY POWER
COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by U.S. Mail, postage prepaid, upon the following parties of record, this 7th day of January, 2015.

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A handwritten signature in blue ink, appearing to read 'Mark R. Overstreet', is written over a horizontal line. The signature is stylized and cursive.

Mark R. Overstreet